

Message Text

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SUBJECT: MILAN CHAMBER OF COMMERCE BUSINESS ROUNDTABLE
VOICES OPTIMISM

REF: MILAN 0233

1. SUMMARY: PARTICIPANTS IN MILAN CHAMBER OF COMMERCE
BUSINESS ROUNDTABLE SHOWED DEGREE OF OPTIMISM WHICH WE
HAVE NOT SEEN AROUND HERE IN LONG TERM. FROM NEARLY EVERY
SECTOR OF LOCAL ECONOMY, BUSINESSMEN AND TRADE ASSOCIATION
REPRESENTATIVES PRESENT AGREED THAT STRONG PRODUCTION
DECLINE OF LAST FEW MONTHS OF 1977 WOULD BE FOLLOWED BY
UPTURN GAINING MOMENTUM DURING FIRST HALF OF 1978. ONLY
PARTICIPATING WHOLESALERS AND RETAILERS FAILED TO SHARE
BRIGHTER OUTLOOK. END SUMMARY.

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PAGE 02 MILAN 00248 161548Z

2. CONSULATE ECON OFFICER ATTENDED ROUNDTABLE ON LOCAL
ECONOMY SPONSORED BY MILAN CHAMBER OF COMMERCE ON
FEB 14. MEETING BEGAN WITH PRESENTATION BY EDITOR
OF IMPORTANT MILANESE ECONOMIC WEEKLY "MONDO ECONOMICO"
AFTER WHICH SPOKESMEN FROM INDUSTRY, BANKING AND COMMERCE
PRESENTED REVIEW OF 1977 AS WELL AS THEIR EXPECTATIONS

FOR 1978.

3. "MONDO ECONOMICO" EDITOR SAID SURVEY DONE BY MAGAZINES' AFFILIATED RESEARCH ORGANIZATION (ICIPU) SHOWED EXPECTATIONS AMONG ITALIAN BUSINESSMEN HIGH FOR MEASURED POSITIVE PRODUCTION GROWTH DURING FIRST AND SECOND QUARTERS 1978. THOSE SURVEYED ALSO EXPECTED THAT SLOWLY DECLINING LIRA WOULD FAVOR CONTINUED EXPORT EXPANSION.

4. OTHERS PRESENT SHARED OPTIMISM. ENERGY EXPERT SAID HIS TRADE ORGANIZATION WAS PROJECTING SIX TO SEVEN PERCENT INCREASE IN KILOWATT HOUR CONSUMPTION IN MILAN FOR 1978. MOST OF THIS INCREASE WOULD COME FROM HIGHER INDUSTRIAL DEMAND. RUBBER INDUSTRY SPOKESWOMAN SAID THERE WERE STRONG SIGNS THAT INVENTORIES HELD BY SMALL AND MEDIUM SIZED COMPANIES WERE BEING DRAWN DOWN AND THAT NUMBER OF NEW ORDERS MAY BEGIN TO INCREASE. AND CHEMICAL INDUSTRY REPRESENTATIVE TALKED OF "PRUDENT OPTIMISM."

5. ONLY THOSE FROM WHOLESALE AND RETAIL AREAS WERE GLOOMY OVER NEAR TERM. THEY WERE STILL SMARTING FROM GOVT'S DEFLATIONARY POLICIES OF 1977. "BARRING A CHANGE IN GOVERNMENT POLICY, WE SEE LITTLE IMPROVEMENT AHEAD FOR THE NEXT FEW MONTHS," SAID ONE.

6. ALTHOUGH NO ONE TALKED OF A BOOM JUST AROUND THE LIMITED OFFICIAL USE

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PAGE 03 MILAN 00248 161548Z

CORNER, PARTICIPANTS WERE SAYING THAT, DESPITE SAGGING INTERNAL DEMAND, THEY SAW NO RECESSION EITHER. THIS WAS REFRESHING AFTER LISTENING TO BUSINESSMEN'S GLOOMY FORECASTS OF EARLY LAST FALL. IN FACT IF THESE BRIGHTER EXPECTATIONS PROVE ACCURATE, PRODUCTION DIP OF PAST FEW MONTHS MAY LATER BE LOOKED UPON AS ONLY SHORT TERM FLUCTUATION INSTEAD OF BEGINNING OF NEW DOWNWARD TREND. AND SINCE ITALIAN BUSINESSMEN SEEM TO BE BORN PESSIMISTIC, ANY OPTIMISM THEY SHOW IS WORTH INCREASING BY A FACTOR OF TWO.FINA

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